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UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEVADA

<p>In re:</p> <p>GUMP'S HOLDINGS, LLC</p> <p><input type="checkbox"/> Affects this Debtor.</p> <hr/> <p><input checked="" type="checkbox"/> Affects all Debtors.</p> <hr/> <p><input type="checkbox"/> Affects Gump's Corp.</p> <hr/> <p><input type="checkbox"/> Affects Gump's By Mail, Inc.</p>	<p>Case No.: BK-S-18-14683-leb Chapter 11</p> <p><i>Jointly administered with:</i></p> <p>No. BK-S-14684 (In re Gump's Corp.) No. BK-S-14685 (In re Gump's By Mail, Inc.)</p> <p>Hearing Date: September 12, 2018 Hearing Time: 10:00 A.M. (PT)</p>
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**RESPONSE IN SUPPORT OF DEBTORS' MOTION FOR ORDER APPROVING
PAYMENT OF BONUSES TO MISSISSIPPI EMPLOYEES**

Sterling Business Credit, LLC ("Sterling") files this response in support of the *Motion for Order Approving Payment of Bonuses to Mississippi Employees* [ECF No. 140] (the "Motion")¹

¹ Capitalized terms not defined herein shall have the meaning ascribed to them in the Motion.

1 filed by Gump's Holdings, LLC, Gump's Corp., and Gump's By Mail, Inc. (collectively,
 2 "Debtors") seeking authority to pay certain limited prepetition obligations to employees of the
 3 Debtors' Distribution Center, and respectfully states as follows:²

4 **RESPONSE IN SUPPORT**

5 1. As stated in the Motion, in the weeks leading up to the Debtors' chapter 11
 6 filings, there was significant uncertainty regarding both the Debtors' next steps and Sterling's
 7 willingness to provide additional funding in the form of debtor-in-possession financing in light
 8 of the Debtors' financial situation and the amount the Debtors' already owed Sterling under their
 9 prepetition loan agreement.³ On Friday, July 27, 2018, after being informed that the Debtors
 10 were planning to proceed with a chapter 7 filing, Sterling took actions, in discussion with the
 11 Debtors, to protect its collateral in the midst of what appeared to be a "free fall" process.
 12 According to the Motion, the prior evening, in preparation for a chapter 7 filing, the Debtors
 13 began terminating the employees of the Debtors' Mississippi-based Distribution Center, though
 14 they held off taking similar action to terminate employees in their San Francisco offices and
 15 retail location. Such terminations were apparently completed the following morning (Friday,
 16 July 27th), but as the day progressed, the Debtors and Sterling came to a preliminary agreement
 17 regarding financing that ultimately facilitated a chapter 11 filing. This agreement with the
 18 Debtors included the requirement that the Debtors promptly pay a particular bonus to each of the
 19 nine employees of the Distribution Center in consideration of those employees' abrupt
 20 termination and the related turmoil and confusion. The Debtors confirm such agreement in the
 21 Motion. *See* ¶ 15 of the Motion.

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 24 ² This Objection is supported by the Declaration of Laurel Varney filed herewith (the "Varney Declaration").

25 ³ More information regarding this prepetition loan agreement, the related Debtor obligations, and Sterling's liens and
 26 security interests is set forth in, among other filings, the Court's *Final Order (A) Authorizing the Debtors to Obtain*
 27 *Post-Petition Financing, (B) Granting Liens and Providing Administrative Expense Status, (C) Authorizing the*
 28 *Debtors' Use of Cash Collateral, (D) Granting Adequate Protection, (E) Modifying the Automatic Stay, and*
(F) Granting Related Relief [ECF No. 148] (the "DIP Order"), the *Declaration of Laurel Varney in Support of*
Debtors' First-Day Motions Regarding Debtor-in-Possession Financing and Asset Liquidation [ECF No. 42], and
 the *First Supplemental Declaration of Laurel Varney in Support of Debtors' First-Day Motions Regarding Debtor-*
in-Possession Financing and Asset Liquidation [ECF No. 48].

1 2. Debtors hired back some of those employees almost immediately after
2 terminating them, but Sterling wanted to ensure that all nine employees came back and worked
3 hard for the mutual benefit of Sterling and the Debtors' estates. While payment of the bonuses
4 was included in the budget attached to the DIP Order, Sterling had no means of confirming
5 whether the correct amount was included and has since learned that the full amount was not
6 reflected in the budget.

7 3. While Sterling disagrees with the Debtors' characterization of the
8 communications that took place with the Debtors regarding such bonuses, Sterling supports the
9 relief requested in the Motion and requests that the applicable bonus be paid by the Debtors to
10 each of the nine Distribution Center employees without further delay. As stated in the Motion,
11 Sterling agrees that such amounts may be paid out of the DIP Financing (as defined in the DIP
12 Order). Further, because these payments were required by Sterling in its initial agreement to
13 provide the Debtors with certain pre-petition financing, as well as the post-petition financing
14 approved in the DIP Order, any additional delay deprives Sterling of this aspect of its agreed-
15 upon terms *after* Sterling has already provided the Debtors with significant funds.

16 4. Accordingly, Sterling supports relief requested in the Motion and requests that the
17 Court authorize the prompt payment of the Mississippi Employee Obligations set forth in the
18 Motion.

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1 Dated: September 11, 2018

/s/ Judith W. Ross

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